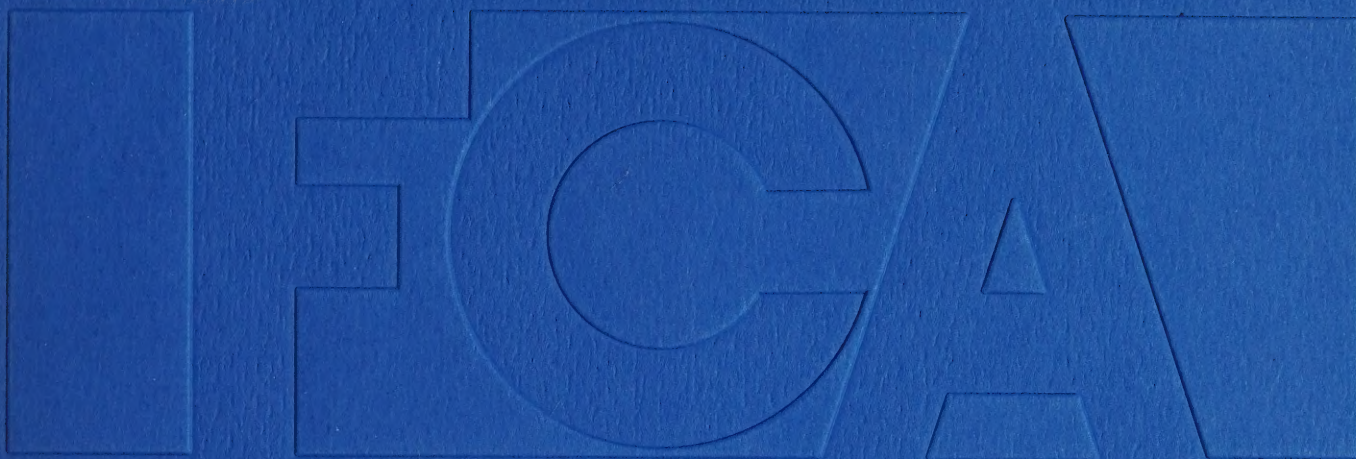


AR43



*The
Professional
Approach*

FINANCIAL COLLECTION AGENCIES

Annual Report 1971

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"Of those to whom much is given, much is required.

And when at some future date the high court of history sits in judgement on each one of us — recording whether in our brief span of service, we fulfilled our responsibilities . . . our success or failure will be measured by the answers to four questions.

Were we truly men of courage . . . were we truly men of judgement . . . were we truly men of integrity . . . were we truly men of dedication?"

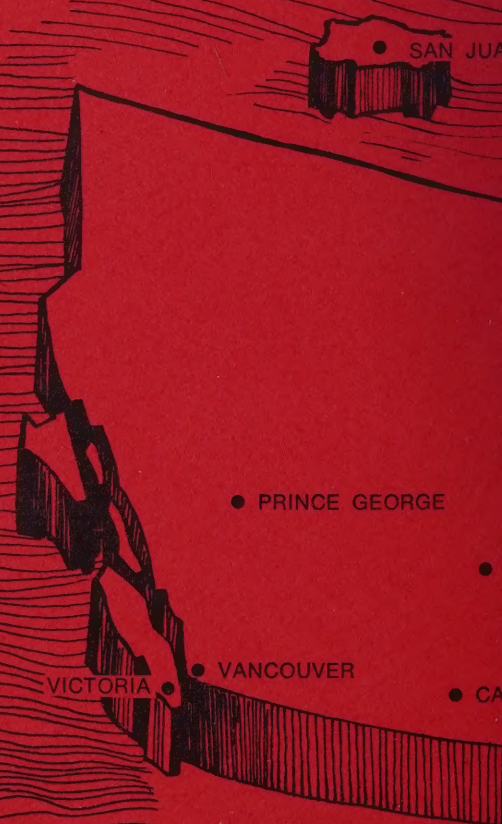
John F. Kennedy



THE PROFESSIONAL APPROACH on an international scale

Largest collection organization in the western world, FCA maintains a network of more than 65 offices in countries on both sides of the Atlantic. But its great size does not mean that FCA's quality of performance varies from place to place. The corporation brings to every case "The Professional Approach". This means that FCA assigns to each account—large or small—highly-trained, tactful experts. It means that FCA's computerized business equipment processes the paper-work. And it means that any FCA office anywhere in the network can, if necessary, be called upon for assistance.

FCA is constantly expanding. But whatever new locations it may add to its field of operations, one thing is certain: "The Professional Approach" will be there, too.





TO RICO

ON

• SASKATOON

WINNIPEG • THUNDER BAY •

• REGINA • BRANDON

SUDBURY •

OTTAWA •

MONTREAL •

KINGSTON •

KITCHENER •

HAMILTON •

WINDSOR •

TORONTO •

LONDON •

QUEBEC CITY •

FREDERICTON •

RIMOUSKI •

MONCTON •

SAINT JOHN •

HALIFAX •

SYDNEY •

ST. JOHN'S •

GLASGOW •

EDINBURGH ★

NEWCASTLE ★

LEEDS •

MANCHESTER •

LIVERPOOL •

BIRMINGHAM •

★ BRISTOL

LONDON •

Financial Collection Agencies

Corporate Officers and Board of Directors

Board of Directors

Kenneth J. Bonnington
William A. Clarke
Jack D. Lubotta
Joseph B. Lubotta
Mark S. Lubotta
Martin J. Lubotta
Lawrence Marks, Q.C.
Gerald R. Stephens
Gordon C. Watt

Corporate Officers

J.B. Lubotta, CHAIRMAN OF THE BOARD
J.D. Lubotta, PRESIDENT AND TREASURER
K.J. Bonnington, EXECUTIVE VICE PRESIDENT
G.R. Stephens, SENIOR VICE PRESIDENT
L. Marks, Q.C., SECRETARY

Vice Presidents

Maurice V. Karmen
George Kopp
Mark S. Lubotta
Martin J. Lubotta
Bernard Roberge

Financial Officer

Raymond B. Fitt

United Kingdom Directors

Raymond L. Everett
Edward A. Doyle
Jack D. Lubotta
Joseph B. Lubotta
Max B. Lubotta
Lawrence Marks, Q.C.

Registrar and Transfer Agent

The Royal Trust Company

Auditors

Glendinning, Jarrett, Gould & Co.
Chartered Accountants

S.D. Portner
Chartered Accountant

Listed:

Montreal Stock Exchange
Trading Symbol: FC M

We believed then, as we do today, that good business practice mixed with tact and understanding of human behavior increases the effectiveness of our service, and at the same time preserves the good will our clients wish to maintain in their relationship with those who owe them overdue payments. We believe in the essential goodness of man and his right to be treated with dignity and respect.

During our forty-five year history, we have never lost sight of this professional approach; it has enabled us throughout that period to provide a high calibre of service to our clients and to maximize our own corporate progress.

Our experience has confirmed, over and over again, that client corporations are interested in two things from their collection specialists—they want their delinquent accounts collected and they wish the opportunity to generate additional business through many of these same accounts once the delinquent status has been eliminated.

We are all aware that most people are basically honest. When they contract to pay for goods and services at a future date, they have every intention of doing so. Unexpected reversals are never pre-planned. Circumstances can arise that may render their good intentions difficult to fulfill. Most people are anxious to meet their financial commitments and reinstate their credit standing in the community. Those who value and cherish their reputation as responsible citizens respond favorably to FCA's understanding and constructive intervention. FCA has become the means by which many have found their way out of difficult financial situations.

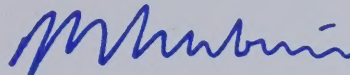
It is within the context of our clients' requirements and intentions that FCA has always performed its agency function. FCA realizes how essential it is to clients that their unpaid accounts be collected promptly. Overdue receivables tie up capital. In dealing with the problem of obtaining payment, FCA acts with consideration allied to resolution. The members of FCA's personnel are carefully selected from a variety of businesses and play a helpful and understanding role in every situation presented to them. Our internal training program and management guidance equip them with the skills and knowledge necessary to deal with people. Our bonded representatives in the United States, Puerto Rico, Canada, the United Kingdom and the Republic of Ireland render maximum service to creditors.

This professional approach safeguards the good will and reputation of our own clients. Those who depend on credit granting for profitable growth have come to know that FCA's service assists in obtaining payment of accounts in such a way as to reinstate their customers' standing and reactivate business dealings with former creditors.

Through adherence to the principles of good human relations and professional business conduct, practiced with tact and diplomacy, FCA has attained its present prominence in the international financial and credit scenes.

We contemplate the future with confidence and look forward to continuing our high standard of professional service to the retail, commercial, institutional and corporate world.

Respectfully submitted,



Joseph B. Lubotta
CHAIRMAN OF THE BOARD





The President's Report

We are pleased to report that FCA has completed another year of unequalled operational growth and results.

New business accepted for collection surpassed all other years. The number of offices in existence at the end of the year, the size of our staff and the extent of our geographical coverage are all greater than ever before. Net earnings, earnings per share and dividends paid to shareholders achieved record levels for the year ended June 30, 1971.

New Business

New business accepted for collection during the year amounted to \$145,200,000 compared to \$100,700,000 in 1970. This is an increase of 44.2 per cent.

FCA's new business originates mainly from four basic sources:

- continued business from established clients
- new clients
- the clientele of collection companies acquired by FCA
- the untapped markets of new offices.

The full impact on profits of new business resulting from acquired offices or new offices opened during the fiscal year

under review will be more fully reflected when these offices are completely integrated into the FCA network.

This greatly increased volume in new business and collections was achieved in a year when the general economy suffered a slowdown, when financial restrictions were stringent in many sectors, and when inflationary trends hampered consumer credit spending. Yet even under these conditions, FCA continued to set new records. Today, corporations watch the collection function more closely and are alert to the need for prompt action on delinquent accounts, a need to which FCA responds efficiently and successfully.

Cash and Stock Dividends

During the year, we declared and paid dividends totalling \$376,650 representing 20 cents per share. In addition, we declared and caused to be issued a 5 per cent stock dividend on shareholders' registered holdings as at March 17, 1971. As a result, 93,000 common shares were issued from the treasury of the company to accommodate this dividend.

Subsequent to the year end, the company declared a stock dividend of 10 per cent to shareholders of record on September 9, 1971, payable September 30, 1971. In addition, the company changed its dividend rate to 24 cents per share annually and declared a quarterly dividend of 6 cents per share payable September 30, 1971 to shareholders of record on September 16, 1971. This dividend is applicable to the shares arising from the 10 per cent stock dividend.

Capital Stock

Including the stock dividend issued, there were 1,953,000 shares outstanding at June 30, 1971, compared to 1,860,000 at the end of fiscal 1970.

Revenue, Earnings, Working Capital

Gross revenue, which increased 29.6 per cent to \$9,842,149 from last year's \$7,599,137, represents commissions earned and other income. Our policy of charging only according to results—in other words, "no collection, no charge"—assures clients of our utmost attention.

Net earnings amounted to \$1,046,876 compared with \$652,824 in 1970. This is an increase of 60.4 per cent, reflecting the merits of our expansion policy.

Net earnings per share were 54 cents compared with 33 cents per share last year based on 1,953,000 shares outstanding in both years. In 1970, net earnings per share were 35 cents based on 1,860,000 shares outstanding.

Working capital increased at June 30, 1971, by \$316,054 to \$1,112,669.

Expansion of the FCA Chain

The FCA chain of offices numbered 65 at the 1971 fiscal year end. The net increase of 9 offices for the year resulted

J.D. Lubotta, President & Treasurer



mainly from our program of acquisition and new openings in the United States and the United Kingdom.

Acquisitions

In September 1970, we acquired the collection business of First National Credit Systems Inc. of Chicago, Illinois. First National offices were located in Chicago, Akron, Atlanta, Cincinnati, Cleveland, Columbus and six cities in the State of Michigan, including Detroit. This acquisition provided a major thrust into many markets of the United States, particularly in Ohio and Michigan where our coverage is now total. Several of these acquired offices have since been merged with previously existing FCA offices and others became FCA branches in strategic new locations.

Kansas City is the hub of a major area in which FCA sought to establish strong collection facilities. The business of National Credit Associates Inc. which had a 14-year history of efficient service in this city was acquired by FCA. FCA's Kansas City bureau now serves as a focal point for our collection activities in the important agricultural and industrial region of Missouri, Kansas and Oklahoma.

In the year under review we also acquired the business of Buffalo Adjustment Bureau Inc., a well known collection agency operating in Buffalo, New York. We have already expanded this office to service our growing clientele in the Upper New York State area, and to handle referral business from FCA offices throughout the United States.

The acquisition of Brook Adjustment Service Inc., a well established collection agency with offices in six States, was an additional step forward in our overall plan for the United States. The Brook offices in Boston, Philadelphia, Chicago, and San Francisco were merged with FCA's offices in those cities, substantially increasing their volume of business. Additional offices on Long Island and in New Jersey were reorganized under the FCA banner.

New FCA Offices

During the year, we opened two offices in Texas. The first, in Houston, developed very rapidly and enabled us to move into Dallas. From these two cities we are in a position to offer complete coverage in these industrialized areas.

An FCA office was established in San Francisco to increase our west-coast coverage, and yet another in San Juan, Puerto Rico, to meet the need for our service in those important areas. Recently our first office in Ireland was opened in Dublin. This office will prove useful not only to FCA's Irish clients but to FCA clients in the United Kingdom who have overdue accounts in Ireland. This brings to seven the number of FCA offices operating in the British Isles.

New offices have a dual significance: they generate new business in their locality, and they also handle business referred to them by other FCA offices. Today's population mobility makes it imperative that a collection network cover every major urban center in order to give efficient service.

Administration

The benefits and importance of our centralized accounting system have again been borne out during the year in respect of both internal operational control and better methods of reporting. Our computerized records-keeping enabled us to handle efficiently the increased volume of business which we enjoyed during the year and to absorb the records of acquired businesses without undue costs or delays.

Automated data processing is an essential element in the profitability of FCA's operations. While our computer center installation is quite adequate for our present and near-term needs, we are planning to expand these facilities.

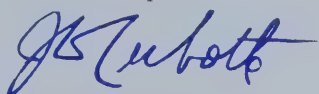
Management

The impressive expansion achieved this year was possible only because FCA had, over a period of time, developed management and staff of exceptionally high calibre. It is this emphasis on continually recruiting excellent personnel that enables us to plan confidently for further expansion in the future. At FCA, many key executives who bear important responsibilities have risen within the ranks of our own personnel, and have grown to fill top-level positions successfully. Many other members of our staff have benefited from special training and have acquired the experience needed to assume management duties in new locations as these become available. As in most service businesses, our people are our most important asset. Their professional approach to the collection of accounts has set them apart not only in terms of the results attained, but in the maintenance of high standards and the enhancement of the company's goodwill.

Outlook

We are confident that the future will witness further expansion and growth in our operations and profitability. As we pursue our course of extending coverage, we shall continue to open new markets through acquisition and growth.

We gratefully acknowledge the efforts and loyalty of our employees and associates who have contributed to the progress of FCA in the past, and we look forward to their continued cooperation and assistance in the future.



Jack D. Lubotta
PRESIDENT & TREASURER





The Multinational Report

United States

The continued growth of FCA in the U.S.A., from six offices five years ago to over thirty offices today, has been achieved through a carefully planned and aggressively implemented expansion program.

Today FCA enjoys a position of leadership in the United States. Since the time, not more than five years ago, when clearly recognizable signs pointed to a major change in the collection industry, FCA management has been expansion-oriented. Through the establishment of new offices in cities offering outstanding market growth potential, and thanks to well-defined objectives whose essence is the acquisition of solidly established agencies in key marketing areas, FCA has increased its scope and coverage. In the corporation's network of offices providing service on an international scale, FCA's U.S. division plays a vital role.

The demand for our services in the United States is confirmed by the growing number of clients who are associating themselves with FCA. Our expansion in the U.S. will continue in areas where it is indicated that additional coverage is essential to the requirements of our growing clientele.

United Kingdom

In reviewing the company's results for the current year in the United Kingdom it is apparent that the continued increase in sales and in successful collections confirms the stability and growth potential of our U.K. operations. The consolidation of all offices, together with a vigorous sales effort, ensures continuing success in years ahead.

One of the most interesting aspects of our recent development in the U.K. deserves special mention. We are, of course, the only major international collection agency to offer "total collection service", but in addition, we now offer "credit control", a concept we created and introduced in the U.K. Through "credit control" we assist in increasing client cash-flow at an earlier stage than would normally be realized. Normal credit terms are often exceeded, over the years, to a point where they have become difficult to control, and accounts remain outstanding beyond the accorded terms. By participating at an earlier stage in the servicing of a past-due account, we are able to identify reasons for non-payment and institute methods and systems to resolve the problem before conventional collection procedures become necessary. Our constant evaluation of current financial trends develops the expertise required to deal with the various situations encountered by individual clients.

Financial Collection Agencies offers "credit control" service through its Financial Agencies division. "Credit control" has proven so gratifying to our clients that further expansion of this special division is being planned.

Current financial trends in the U.K., especially the "tight money" situation and the need to improve cash-flow, create a greater demand for the services of FCA and FA. The U.K. offices have now become firmly established in the financial spectrum. This development, together with our reputation for reliability, our financial strength and our sound, business-like collection activities, ensures our position in the field. Another aspect of the company's growing role in the U.K. is that very frequently clients regard FCA and FA as extensions of their own credit departments rather than as a third-party remedial resource.

Many clients have expressed interest in the possibility that our company can serve their operations in the Republic of Ireland; to this end we have opened an office in Dublin. FCA is also contemplating other service offices in Europe, and various areas are currently subject to market survey in this respect.

The collection industry in the United Kingdom, although quite different from its counterpart in the United States or Canada, is growing very rapidly. FCA is confident of a very exciting future in Europe.

and expand its Canadian division. Our geographical coverage in this country is without parallel. We maintain, in strategic marketing areas, over thirty offices; all are well established, some of them with a history of over 40 years of continuous operation. The depth of our nationwide coverage is such that, in many cases, we are able to collect clients' accounts shortly after referral. Our unique method of inter-office forwarding, coupled with our highly developed collection techniques, assures our valued clientele a service unmatched in the industry.

We are very proud of the many successful collection methods used throughout our organization which were first developed in Canada. Another source of great pride is the trust placed in us by the thousands of Canadian companies, many of whom are pillars of the national economic structure.

In fiscal 1971, FCA was entrusted with a larger volume of new business in Canada than ever before, and we are happy to report that the level of collections returned to clients has also reached an all-time high. Many of our offices have expanded in response to the increased demand for our services. We look forward to greater opportunities in Canada in the coming years. It is our intention to continue the development of our office network and to increase the speed and efficiency of our operations, to better serve Canada's growing number of commercial, retail and industrial enterprises.

Canada

Complementing its dramatic growth in the United States and the United Kingdom, FCA has continued to strengthen





The First Five Years

Financial Collection Agencies became a public company in December 1966.

In our first Annual Report to the shareholders for the year ended June 30, 1967, the Chairman of the Board wrote: "I trust that shareholders will regard FCA as a company in which their investment has great potential". FCA management is indeed gratified that this potential is being realized beyond our most optimistic hopes. A comparison of the 1967 figures with those for 1971 bears out the facts.

	1971	1967	Increase Over 5 years	Average Annual Increase
Accounts for Collection	145,200,000	41,000,000	254%	37.5%
Gross Revenue	9,842,149	3,860,452	155%	25%
Net Earnings after tax	1,046,876	349,813	199%	30.5%
Net Earnings per share	.54c	19.4c*	184%	30.5%
Number of FCA Offices	65	44	48%	10.5%

*Adjusted for a 3 for 1 subdivision
of Common Shares in 1969.

In 1969, the originally issued 600,000 common shares outstanding since 1967 were split on a three-for-one basis. Subsequently an additional 60,000 of the subdivided shares were issued from Treasury, and a 5 per cent stock dividend was issued, bringing the total of issued and outstanding common shares to 1,953,000.

Dividend Payments

The prospectus issued at the time of the public offering of shares in 1966 expressed our intention to declare and pay dividends at a quarterly rate of 2.08 cents per share which is an effective annual rate (adjusted) of 8.3 cents per share. The initial quarterly dividend, declared in January, 1967, established an effective annual rate of 9.3 cents per share, an early increase beyond the Directors' original expectation. By the end of the company's first fiscal year, the effective annual dividend rate had reached 10 cents per share.

Since that time, dividends have been paid continuously and have been increased several times. For the year ended June 30, 1971 the effective annual dividend rate was 11 cents per share, an increase in the five year period of 10 per cent. In addition, a 5 per cent stock dividend was declared and paid in 1971.

Operational Review

In 1966, when FCA accepted the responsibility of public ownership, the company had a complement of 38 offices generating \$30,000,000 in accounts for collection. Today, FCA maintains a network of 65 offices wholly owned and operated by the Corporation—a network which, during fiscal 1971, was entrusted with \$145,200,000 in accounts placed for collection. In the past five years, FCA's staff has expanded from 360 to 950 members and is now an international team composed of thoroughly experienced people, carefully selected and trained to handle the growing volume of business.

The professional excellence of FCA has also accounted for our remarkable advance. The quality and the effectiveness of our service have made us the acknowledged leader of the industry in every area in which we operate. Our geographical coverage in the United Kingdom, the Republic of Ireland, the United States, Canada and Puerto Rico has expanded to embrace every key marketing area. Additional offices will be opening to provide even wider coverage.

Client Relations

FCA attaches great importance to the rendering of outstanding service. As data processing is a vital factor in our operations, special mention should be made of FCA's plans for acquiring a larger, more sophisticated computer configuration. Our expert systems analysts, programmers and other highly-qualified EDP personnel are working together to help in the design of new systems that will assure improved communications with our clients and with all sectors of our own organization. As part of the research pertaining to that design, we are at present examining a large-capacity computer communications system compatible with that currently used by several of our clients. When our new on-line system is completed it will allow a client with compatible equipment to obtain up-to-date, accurate information about his accounts. In this and other ways, FCA's expanded computer installations will help to make our day-to-day operations yet more efficient.

Even with our present data equipment we are able to make evaluations and forecast collection trends much more easily than we could have done just a few short years ago. With the new system, FCA will be able to provide even greater EDP service than heretofore.

Personnel Relations

We maintain an ongoing interest in the well-being and security of our employees and their families. Our continuous

expansion creates new jobs, new opportunities for staff promotion and improved scope for the advancement of FCA people through sophisticated personnel training.

To our clients and our shareholders, we express our appreciation for their part in our steady progress over the years, and we pledge our continuing effort to the enhancement of our company's position in the field to which it is committed.





an organization of people exercising special skills . . . a network of offices strategically located in an expanding geographical context . . . a system of communications geared to the exigencies of the credit function in the contemporary economy . . . a service at the command of the credit grantor, individual, corporate or governmental.

FCA's Most Important Client

Shareholders and clients, aware that FCA currently handles a volume of business in excess of \$145,000,000 annually, may well wonder who the company's most important client may be.

The broad spectrum of our clientele includes department stores and oil companies, credit card organizations and hospitals, telephone companies and universities, airlines, manufacturing firms and wholesalers, industrial corporations and governmental agencies and departments.

Consequently there is quite a variety to choose from when guessing. Some of our clients generate more individual "cases" than others; some produce a larger dollar volume of collections for our handling than others. But a person observing any of our local or regional offices, anywhere, would soon discover, if he could look behind the scene, *that the greatest volume of business in that office is developed within our own network of collection offices.* In a manner of speaking, therefore, since FCA offices get most of their business from other FCA offices—we are our own largest and most important source of business!

How this operates to the advantage of our clientele is illustrated aptly by thousands of case histories encountered annually in all FCA offices. Why it should be so is a logical aspect of the credit "universe" within which we function.

The offering of credit originated as an additional accommodation over and above the basic relationship between buyer and seller. But the world has been changing, and so has the credit function,—until today it has become a prime, essential element of the economy within which we live. Credit, in fact, is one of the principal levers which facilitates the economic process and directly controls the link between maximal buying power and maximal sales. It enables the purchase today of that which we may confidently expect to pay for tomorrow—often thanks to precisely that which we acquire today!

In such an economic climate, where credit is almost universal, the collection agency which helps keep credit healthy must itself be broadly based. FCA covers its complex of territories by growing ever stronger, greater and more experienced. And the breadth of our own coverage, increas-

ing with each new office we open or acquire, has created an apparatus which enables us to reach from city to city and from country to country in our clients' service. That's why in Manhattan as in Manchester, in Toronto as in Toledo, in London as in Los Angeles, FCA offices are constantly handling a large volume of collections referred to them by other FCA offices. And that's why, in a manner of speaking, we are our own biggest customer—in the interest of all our customers, big and small.

To summarize: most people, most companies who buy on credit, honor their obligations to pay what they owe. Some, under some conditions, may require prodding. Others, affected by unanticipated difficulties, will eventually keep their promise to pay. Yet another group will require close, constant and vigilant attention; their failure to pay can be the cause of eroded profits and even serious loss for the credit grantor.

Collection is a complex of skills, techniques, timing and geographic presence. It is a specialty best accomplished by specialists. FCA numbers its clients by the thousands because our service is skillful and our results merit confidence. Whether our client utilizes computer facilities or not, our own centralized data system offers the advantages of a sophisticated, computerized service which connects our entire network of offices, records collections accomplished in every area, and issues a continuously updated report of collections in the form of a single statement to the client, at least once a month, encompassing all his delinquent accounts everywhere. Wherever collection accounts may originate, we are equipped to follow up and follow through to the city of specific collectibility sooner—to get better results faster.

Our intra-company communications grow, not only with each new office we open, but with each existing collection agency we acquire. In this way organizations which formerly operated locally, by being linked with FCA, acquire regional, nationwide and even international "arms" with which to reach out, contact the delinquent debtor wherever he may be, effect the collection and transfer the salvaged funds to those we serve with a minimum of delay.

Financial Report

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Consolidated Balance Sheet	26,27
Consolidated Statement of Retained Earnings	28
Consolidated Source and Application of Funds	29
Five Year Review	30
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Auditors' Report to the Shareholders	32

Our business formula is S, P+PA—Service provided by People who use the Professional Approach.



Financial Collection Agencies

Consolidated Statement of Earnings

	Year Ended	
	June 30, 1971	June 30, 1970
<i>Revenues</i>		
Gross revenue from operations	\$9,842,149	\$7,599,137
Investment Income	<u>108,202</u>	<u>135,193</u>
Total	9,950,351	7,734,330
<i>Costs and Expenses</i>		
Operating, selling and administration	7,815,542	6,289,465
Provision for depreciation and amortization	101,427	77,857
Remuneration paid to nine directors for services rendered as directors	4,100	4,000
Remuneration paid to four officers for services rendered as officers all of whom are also directors	<u>139,105</u>	<u>136,372</u>
Total	8,060,174	6,507,694
Net Earnings before providing for income taxes	1,890,177	1,226,636
Provision for Income Taxes	<u>843,301</u>	<u>573,812</u>
Net Earnings for the Year	<u>\$1,046,876</u>	<u>\$ 652,824</u>
Earnings per Share	<u>\$ 0.54*</u>	<u>\$ 0.33*/0.35**</u>

*Based on 1,953,000 shares outstanding after declaring a 5% stock dividend during the year ended June 30, 1971

**Based on 1,860,000 shares outstanding during the year ended June 30, 1970.

The accompanying notes on page 31 are an integral part of the financial statements

Financial Collection Agencies

Consolidated Balance Sheet

Assets

June 30, 1971

June 30, 1970

Current Assets

Cash	\$1,372,081	\$728,706
Accounts receivable—clients	948,585	723,961
Sundry accounts receivable (note 5)	133,670	103,226
Cost of commissions vested in collection		
accounts purchased (net)	286,887	77,250
Prepaid charges	47,551	69,478
Total current assets	2,788,774	1,702,621

Trust Funds

Cash	1,791,777	1,384,980
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Fixed Assets

at cost less accumulated depreciation and amortization—		
1971—\$395,968; 1970—\$329,469	436,700	315,064

Intangible

Goodwill (note 6)	968,851	745,059
Organization expenses less amortization	28,241	30,669
Excess of cost over book value of subsidiary		
companies at date of acquisition	328,710	328,710
	1,325,802	1,104,438
Total assets	\$6,343,053	\$4,507,103

Approved by The Board:

J.B. Lubotta, Director

J.D. Lubotta, Director

The accompanying notes on page 31 are an integral part of the financial statements

<i>Liabilities</i>	June 30, 1971	June 30, 1970
<i>Current Liabilities</i>		
Bank Loan	\$ 495,945	\$ 274,495
Accounts payable and accrued charges	222,699	161,143
Balance due to vendors of collection organizations acquired	316,131	82,153
Accounts payable to directors	—	7,304
Income Taxes	<u>641,330</u>	<u>380,911</u>
Total current liabilities	1,676,105	906,006
<i>Funds held in Trust for Clients</i>		
per contra—remitted in July 1971	<u>1,791,777</u>	<u>1,384,980</u>
Total liabilities	3,467,882	2,290,986
<i>Shareholders' Equity</i>		
<i>Share Capital</i>		
Authorized 3,000,000 common shares without nominal or par value		
Issued and fully paid 1,953,000 common shares (note 4)	1,242,336	1,183,179
<i>Retained Earnings</i>	<u>1,632,835</u>	<u>1,032,938</u>
	2,875,171	2,216,117
Total liabilities and shareholders' equity	<u>\$6,343,053</u>	<u>\$4,507,103</u>

The accompanying notes on page 31 are an integral part of the financial statements

Financial Collection Agencies

Consolidated Statement of Retained Earnings

	Year Ended	
	June 30, 1971	June 30, 1970
Balance at beginning of year	\$1,032,938	\$733,514
Net Earnings for the year	<u>1,046,876</u>	<u>652,824</u>
Total	2,079,814	1,386,338
Cash Dividends declared on common shares		
1971—\$0.20; 1970—\$0.19	376,650	353,400
Common stock dividend declared		
on common shares (note 4)	59,157	—
Tax paid on conversion of \$74,482 of undistributed		
income into tax paid undistributed income	<u>11,172</u>	<u>—</u>
	446,979	353,400
Balance at end of year	<u>\$ 1,632,835</u>	<u>\$ 1,032,938</u>

The accompanying notes on page 31 are an integral part of the financial statements

Financial Collection Agencies

Consolidated Statement of Source and Application of Funds

	Year Ended	
	June 30, 1971	June 30, 1970
<i>Source of Funds</i>		
Net earnings for the year	\$1,046,876	\$652,824
Deductions made when determining net earnings not requiring an outlay of funds		
Depreciation and amortization	<u>101,427</u>	<u>77,857</u>
	1,148,303	730,681
Issue of Capital Stock	<u>—</u>	<u>518,250</u>
	1,148,303	1,248,931
<i>Application of Funds</i>		
Dividends	376,650	353,400
Tax paid on undistributed income	11,172	—
Additions to fixed assets—net	214,793	142,968
Acquisition of collection organizations' goodwill	224,871	519,732
Organization expenses	<u>4,763</u>	<u>29,823</u>
	832,249	1,045,923
Increase in funds for the year	316,054	203,008
Working capital, beginning of year	<u>796,615</u>	<u>593,607</u>
Working capital, end of year	<u>\$1,112,669</u>	<u>\$796,615</u>

The accompanying notes on page 31 are an integral part of the financial statements

Financial Collection Agencies

Five Year Review

	1971	1970	1969	1968	1967
Current Assets	\$2,788,774	\$1,702,621	\$1,439,585	\$1,129,138	\$953,433
Current Liabilities	1,676,105	906,006	845,978	409,091	338,069
Working Capital	1,112,669	796,615	593,607	720,047	615,364
Trust Funds (Cash)	1,791,777	1,384,980	924,639	683,567	621,130
Office Equipment, Leasehold improve- ments and automobiles (at cost less accumulated depreciation & amortization)	436,700	315,064	242,370	202,975	140,024
Depreciation & Amortization	101,427	77,857	47,681	47,576	32,086
Intangible Assets	1,325,802	1,104,438	562,466	233,237	233,547
Retained Earnings	1,632,835	1,032,938	733,514	501,652	334,126
Total Shareholders Equity	2,875,171	2,216,117	1,398,443	1,166,581	999,055
Net Income before providing for income taxes	1,890,177	1,226,636	979,816	808,074	684,676

1. Principles of Consolidation

Assets and liabilities in foreign currencies are converted on the following basis—current assets and current liabilities at the rate prevailing at the balance sheet date; other assets and liabilities at the actual exchange rates prevailing at the date of the transaction. Income and expenses in foreign currencies are converted at average exchange rates for the year.

2. Designated Surplus

Under provisions of the Income Tax Act of Canada, profits of certain Canadian subsidiaries aggregating approximately \$543,000, earned before acquisition, are considered part of “designated surplus” and as such may not be paid to the parent company without attracting additional taxation of approximately one-half of such dividends.

3. Dividend Restrictions

Transfer of earnings from the United Kingdom subsidiary companies are subject to the approval of exchange control authorities. Dividend payments from the United Kingdom and the United States of America subsidiaries are subject to withholding taxes of 15% upon their remittance to the parent company; as the amounts of these future taxes are not presently determinable, no effect has been given to any such future liability in the financial statements.

4. Share Capital

During the year, the company declared a 5% stock dividend payable in common stock, and accordingly issued 93,000 common shares.

5. General

- A) Cash includes deposit receipts issued by the companies' bankers.
- B) Included with sundry accounts receivable are loans aggregating \$73,571 to employees to permit them to purchase shares in the company of which \$10,150 is owed by directors.
- C) The company leases premises in its several locations on varying terms. The most significant long-term commitment of this nature is a lease for the building known as F C A House which provides accommodation for the Head Office, a branch and the centralized data processing division of the entire group, the rent being \$60,000 per year to September 30th, 1987.

6. Goodwill

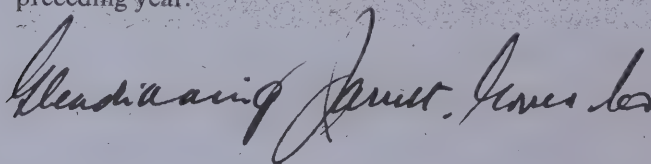
Additions to goodwill are computed as the cost of collection agencies purchased, less value of tangible assets.

Financial Collection Agencies Auditors' Report

*To the Shareholders,
Financial Collection Agencies Ltd.*

We have examined the consolidated balance sheet of Financial Collection Agencies Ltd. and its subsidiary companies as at June 30th, 1971 and the consolidated statements of retained earnings, earnings and source and application of funds for the year then ended. Our examination of the financial statements of Financial Collection Agencies Ltd. (the parent company), and those subsidiary companies of which we are the auditors, included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiary companies.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at June 30, 1971 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



GLENDINNING, JARRETT, GOULD & CO.



S.D. PORTNER

CHARTERED ACCOUNTANTS,
JOINT AUDITORS.

August 26, 1971.

Financial Collection Agencies International Directory of Offices

The Game of The Name

FCA does not play the franchise name game. It never lends or leases its name or identity to any independently-operated office. Though FCA's ever-expanding international network presently comprises more than 65 offices, each one of these is controlled and operated under the direct supervision of our central management. Only through this "no-franchise" policy and only by adhering to it scrupulously can FCA be certain that the "Professional Approach" to which the corporation is dedicated will be maintained at all times, in all places, under all circumstances.

Directory of United Kingdom Offices

CITY	ADDRESS	TELEPHONE	
		AREA CODE	NUMBER
BIRMINGHAM	HERBERT HOUSE, 61 CORNWALL STREET	021	236-5127
GLASGOW	FORTUNE HOUSE, 74 WATERLOO STREET	041	221-5947
LEEDS	4th FLOOR, YORKSHIRE HOUSE, GREEK STREET	0532	35721
LIVERPOOL	SUITE 1, 10 RUMFORD PLACE	051	236-3292
LONDON	4TH FLOOR, LEEGATE HOUSE, LEE GREEN	01	852-8546/9
MANCHESTER	2ND FLOOR, AUSTIN HOUSE, 14/16 CHARLOTTE ST.	061	236-8922/5

Republic of Ireland

DUBLIN	2 CHURCH LANE, COLLEGE GREEN	782666 / 782754
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Financial Collection Agencies

Directory of United States Offices

CITY	STATE	ADDRESS
Eastern Region		
BALTIMORE	MARYLAND	10 LIGHT STREET
BOSTON	MASSACHUSETTS	140 FEDERAL STREET
HARTFORD	CONNECTICUT	99 PRATT STREET
LONG ISLAND	NEW YORK	100 MERRICK ROAD, ROCKVILLE CENTER
NEW YORK	NEW YORK	171 MADISON AVENUE
PHILADELPHIA	PENNSYLVANIA	1405 LOCUST STREET
PITTSBURGH	PENNSYLVANIA	717 LIBERTY AVENUE
Central Region		
AKRON	OHIO	680 EAST MARKET STREET
BUFFALO	NEW YORK	422 MAIN STREET
CINCINNATI	OHIO	35 EAST SEVENTH STREET
CLEVELAND	OHIO	1120 CHESTER AVENUE
COLUMBUS	OHIO	3501 EAST LIVINGSTON AVENUE
FINDLAY	OHIO	101 WEST SANDUSKY STREET
Midwest Region		
CHICAGO	ILLINOIS	185 NORTH WABASH AVENUE
DETROIT	MICHIGAN	139 CADILLAC SQUARE
GRAND RAPIDS	MICHIGAN	161 OTTAWA AVENUE NORTH WEST
KANSAS CITY	MISSOURI	1822 MAIN STREET
LANSING	MICHIGAN	106 WEST ALLEGAN STREET
MILWAUKEE	WISCONSIN	312 EAST WISCONSIN AVENUE
Southern Region		
ATLANTA	GEORGIA	235 PEACHTREE STREET NORTH EAST
DALLAS	TEXAS	838 STEMMONS FREEWAY
HOUSTON	TEXAS	1121 WALKER STREET
MIAMI	FLORIDA	2040 NORTHEAST 163 STREET
RICHMOND	VIRGINIA	701 EAST FRANKLIN STREET
SAN JUAN	PUERTO RICO	1319 ASHFORD AVENUE
Western Region		
DENVER	COLORADO	1900 WASHINGTON STREET
LOS ANGELES	CALIFORNIA	864 SOUTH ROBERTSON BLVD.
PHOENIX	ARIZONA	513 WEST THOMAS ROAD
PORTLAND	OREGON	729 SOUTHWEST ALDER
SAN FRANCISCO	CALIFORNIA	1255 POST STREET
SEATTLE	WASHINGTON	THIRD AND UNIVERSITY

SUITE	ZIP CODE	TELEPHONE		CITY
		AREA CODE	NUMBER	
Eastern Region				
3201	21202	301	837-7252	BALTIMORE
325	02110	617	482-9010	BOSTON
407	06103	203	522-6181	HARTFORD
402	11570	516	549-4830	LONG ISLAND
1300	10016	212	686-0420	NEW YORK
1918	19102	215	985-1717	PHILADELPHIA
2313	15222	412	261-6670	PITTSBURGH
Central Region				
107	44304	216	434-9171	AKRON
804	14202	716	852-6481	BUFFALO
608	45202	513	421-6615	CINCINNATI
236	44114	216	241-4000	CLEVELAND
8	43227	614	236-8501	COLUMBUS
5	45840	419	422-6722	FINDLAY
Midwest Region				
900	60601	312	782-8150	CHICAGO
200	48226	313	962-8360	DETROIT
305D	49502	616	459-6265	GRAND RAPIDS
	64108	816	474-6866	KANSAS CITY
385	48933	517	372-9560	LANSING
201	53202	414	273-5790	MILWAUKEE
Southern Region				
1020	30303	404	577-3163	ATLANTA
326	75247	214	637-1865	DALLAS
507	77001	713	227-4331	HOUSTON
309	33162	305	949-8133	MIAMI
805	23219	703	649-1277	RICHMOND
5	00907	809	723-9530	SAN JUAN
Western Region				
FCA House	80203	303	222-9488	DENVER
300	90035	213	655-8880	LOS ANGELES
	85013	602	264-2755	PHOENIX
610	97205	503	223-5171	PORTLAND
730	94100	415	771-9494	SAN FRANCISCO
918	98101	206	623-6761	SEATTLE

Financial Collection Agencies Directory of Canadian Offices

CITY	PROVINCE	ADDRESS
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Atlantic Region

FREDERICTON	NEW BRUNSWICK	212 QUEEN STREET
HALIFAX	NOVA SCOTIA	5675 SPRING GARDEN ROAD
MONCTON	NEW BRUNSWICK	787 MAIN STREET
SAINT JOHN	NEW BRUNSWICK	110 CROWN STREET
ST. JOHN'S	NEWFOUNDLAND	139 WATER STREET
SYDNEY	NOVA SCOTIA	292 CHARLOTTE STREET

Quebec Region

KINGSTON	ONTARIO	837 PRINCESS STREET
MONTREAL	QUEBEC	4150 SHERBROOKE STREET WEST
OTTAWA	ONTARIO	270 LAURIER AVENUE WEST
QUEBEC CITY	QUEBEC	500 GRANDE-ALLEE EAST
RIMOUSKI	QUEBEC	116 ST. GERMAIN STREET WEST

Central Region

HAMILTON	ONTARIO	50 KING STREET EAST
KITCHENER	ONTARIO	251 KING STREET WEST
LONDON	ONTARIO	170 DUNDAS STREET
SUDBURY	ONTARIO	10 ELM STREET EAST
THUNDER BAY	ONTARIO	8A NORTH CUMBERLAND STREET
TORONTO	ONTARIO	500 UNIVERSITY AVENUE
WINDSOR	ONTARIO	33 UNIVERSITY AVENUE WEST

Prairie Region

BRANDON	MANITOBA	742 ROSSER AVENUE
CALGARY	ALBERTA	605 SEVENTH STREET SOUTH WEST
EDMONTON	ALBERTA	10156-101 STREET
REGINA	SASKATCHEWAN	1846 SCARTH STREET
SASKATOON	SASKATCHEWAN	115 SECOND AVENUE NORTH
WINNIPEG	MANITOBA	294 PORTAGE AVENUE

Pacific Region

PRINCE GEORGE	BRITISH COLUMBIA	1320 FIFTH AVENUE
VANCOUVER	BRITISH COLUMBIA	540 SEYMOUR STREET
VICTORIA	BRITISH COLUMBIA	777 BROUGHTON STREET

